

## Message Text

LIMITED OFFICIAL USE

PAGE 01 VIENNA 03881 061732Z

45

ACTION COME-00

INFO OCT-01 EUR-12 IO-10 ISO-00 GSA-01 INT-05 SP-02 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 LAB-04 SIL-01 L-02 H-02 PA-01 PRS-01 /102 W

----- 040373

P R 061038Z MAY 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 5566

INFO AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE VIENNA 3881

EO 11652: NA

TAGS: EIND, ETRD, AU

SUBJECT: STEEL MARKET CONDITIONS

REF: STATE 095936

1. AFTER RECORD PRODUCTION IN 1974, AUSTRIA'S STEEL INDUSTRY IS OPERATING BELOW CAPACITY LEVELS AT PRESENT. OFFICIAL INFORMATION AS TO WHAT EXTEND AVAILABLE CAPACITIES ARE PRESENTLY BEING USED IS NOT MADE AVAILABLE. USUALLY WELL INFORMED SOURCES ASSUME THAT PRESENT CAPACITY UTILIZATION RANGES BETWEEN 60 AND 70 PERCENT FOR COMMERCIAL STEELS, AND BETWEEN 75 AND 80 PERCENT FOR SPECIALTY STEELS.

2. VOLUME OF ORDERS ON HAND FOR COMMERCIAL STEELS ENSURES USE OF REDUCED CAPACITIES NOTED ABOVE FOR TWO TO THREE MONTHS ONLY. SPECIALTY STEEL PRODUCERS ARE BETTER OFF IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 VIENNA 03881 061732Z

THAT ORDERS ARE ADEQUATE TO UTILIZE PRESENT CAPACITIES

NOTED ABOVE FOR ABOUT 4 TO 5 MONTHS. FINISHING DEPARTMENTS OF BOTH SECTORS WILL BE ABLE TO OPERATE AT FULL CAPACITY LEVELS FOR 6 TO 12 MONTHS.

3. VOEST-ALPHINE HAS PARTLY ADAPTED ITS PRODUCTION IN STALLURGICAL PLANTS TO PREVAILING SITUATION BY RECENTLY SHUTTING-DOWN A NUMBER OF ANTIQUATED OPEN-HEARTH STEEL-MAKING FACILITIES IN THE DONAWITZ PLANT AHEAD OF SCHEDULE. IN LINZ PLANT, ONE OF THE FIVE BLAST FURNACES REPORTEDLY WAS TAKEN OUT OF OPERATION.

4. MAJOR GOAL OF COUNTRY'S NATIONALIZED STEEL INDUSTRY, WHICH HOPES THAT PRESENT SITUATION WILL START TO IMPROVE BY THE END OF CURRENT YEAR, IS TO PASS LOW OF BUSINESS CYCLE WITHOUT HARDSHIPS TO LABOR FORCE. PART-TIME WORK IS NOT PLANNED AT PRESENT; PLANS CALL FOR ARRANGING LEAVES OF TWO WEEKS IN JULY OR AUGUST SO THAT A NUMBER OF PRODUCTION FACILITIES CAN BE CLOSED ENTIRELY IN THOSE PERIODS. IN MEANTIME, WORKERS ARE REQUESTED TO TAKE A FEW DAYS OFF MONTHS OF MAY AND JUNE. PRESENTLY, NATIONAL STEEL INDUSTRY IS NOT HIRING ANY NEW PERSONNEL, OR APPROVING OVERTIME WORK.

5. UNOFFICIAL PRODUCTION PROJECTIONS PLACE THIS YEAR'S OUTPUT AT ABOUT 4,300,000 M.T. OF CRUDE STEEL AND 3,100,000 M.T. OF ROLLING MILL PRODUCTS: THIS WOULD BE SLIGHTLY ABOVE RESULTS OF 1973 BUT CONSIDERABLY BELOW RECORD 1974 LEVELS. ANY PERCENTAGE GAIN OVER AND ABOVE THIS PROJECTION IN DIRECTION OF RECORD OF 1974 WOULD BE CONSIDERED A SPECIAL SUCCESS.

6. DOMESTIC CONSUMPTION OF ROLLING MILL PRODUCTS IN 1975 MAY COME CLOSE TO 1974 LEVELS, TENTATIVELY ESTIMATED ON BASIS OF IMPORTS AND DOMESTIC DELIVERIES AT ABOUT 2,500,000 METRIC TONS. PRESENT DOMESTIC IS LARGELY COVERED FROM TRADERS STOCKS, WHICH IN 1974 WERE BUILT UP IN VIEW OF ANTICIPATED PRICE INCREASES. QUALITIES NOT AVAILABLE FROM STOCKS ARE PROCURED FROM THAT SOURCE WHICH OFFERS SHORTEST DELIVERY PERIOD AND MOST ADVANTAGEOUS PRICE. INDUSTRY REPRESENTATIVES FEAR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 VIENNA 03881 061732Z

THAT PART OF DOMESTIC MARKET MIGHT BE LOST TO EAST-EUROPEAN SUPPLIERS WHOSE PRODUCTS BECAME FULLY LIBERALIZED AS OF JANUARY 1, 1975 AND PRESENTLY ARE REPORTEDLY SELLING BELOW DOMESTIC MARKET PRICES.

7. AUSTRIAN SPECIALTY STEEL PRODUCERS, WHO EXPORT BETWEEN 75 AND 83 PERCENT OF THEIR OUTPUT, ARE ESPECIALLY WORRIED ABOUT BUSINESS SLOWDOWN AND REPORT THAT PRICES ON EXPORT

MARKETS HAVE REACHED AN ALL TIME LOW. BECAUSE OF THE STILL DECLINING DEMAND, HEAVY PRICE COMPETITION AMONG STEEL SUPPLIERS AND DISADVANTAGEOUS EXCHANGE RATES, EXPORTING REPORTEDLY HAS BECOME EXTREMELY DIFFICULT.

8. IN VIEW OF LARGE DEPENDENCE OF AUSTRIAN SPECIALTY STEEL PRODUCERS ON FOREIGN MARKETS, DOMESTIC PRODUCERS WILL PROBABLY TRY TO MAINTAIN EXPORTS TO THE U.S. AND OTHER COUNTRIES AT LEVELS AS HIGH AS POSSIBLE. BUCHANAN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, IMPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975VIENNA03881  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750158-0854  
**From:** VIENNA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750575/aaaacrce.tel  
**Line Count:** 124  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 095936  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 APR 2003 by ElyME>; APPROVED <21 MAY 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STEEL MARKET CONDITIONS  
**TAGS:** EIND, ETRD, AU, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006